

MACKENZIE CANADIAN BOND FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

MANAGEMENT REPORT

Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by Mackenzie Financial Corporation, as Manager of Mackenzie Canadian Bond Fund (the "Fund"). The Manager is responsible for the integrity, objectivity and reliability of the data presented. This responsibility includes selecting appropriate accounting principles and making judgments and estimates consistent with International Financial Reporting Standards. The Manager is also responsible for the development of internal controls over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors (the "Board") of Mackenzie Financial Corporation is responsible for reviewing and approving the financial statements and overseeing the Manager's performance of its financial reporting responsibilities. The Board is assisted in discharging this responsibility by an Audit Committee, which reviews the financial statements and recommends them for approval by the Board. The Audit Committee also meets regularly with the Manager, internal auditors and external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues.

Deloitte LLP is the external auditor of the Fund. It is appointed by the Board. The external auditor has audited the financial statements in accordance with Canadian generally accepted auditing standards to enable it to express to the securityholders its opinion on the financial statements. Its report is set out below.

On behalf of Mackenzie Financial Corporation,
Manager of the Fund



Barry McInerney
President and Chief Executive Officer



Terry Rountes
Chief Financial Officer, Funds

June 7, 2018

INDEPENDENT AUDITOR'S REPORT

To the Securityholders of Mackenzie Canadian Bond Fund (the "Fund")

We have audited the accompanying financial statements of the Fund which comprise the statements of financial position as at March 31, 2018 and 2017, and the statements of comprehensive income, statements of changes in financial position and statements of cash flows for the periods then ended, as indicated in Note 1, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2018 and 2017, and its financial performance and its cash flows for the periods then ended, as indicated in Note 1, in accordance with International Financial Reporting Standards.



Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada
June 7, 2018



MACKENZIE
Investments

MACKENZIE CANADIAN BOND FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

STATEMENTS OF FINANCIAL POSITION

*In thousands (except per security figures)
As at March 31*

	2018	2017		2018	2017
	\$	\$		\$	\$
ASSETS					
Current assets					
Investments at fair value	1,218,394	992,182	B-Series	1,348	1,358
Cash and cash equivalents	54,502	56,388	Advisor Series	46	59
Accrued interest receivable	7,821	6,312	Series LB	8,737	18,627
Dividends receivable	4	–	Series LW	4,869	–
Accounts receivable for investments sold	1,961	25,791	Net assets attributable to securityholders		
Accounts receivable for securities issued	102	558	per security (note 3)		
Due from manager	4	–	Series A	13.70	13.81
Margin on futures contracts	4,511	2,271	Series AR	10.10	10.18
Unrealized gains on derivative contracts	320	289	Series B	9.96	10.02
Total assets	1,287,619	1,083,791	Series C	9.95	10.02
LIABILITIES					
Current liabilities					
Accounts payable for investments purchased	2,141	23,541	Series D	9.93	10.01
Accounts payable for securities redeemed	2,016	849	Series E	–	10.46
Due to manager	29	–	Series F	11.66	11.75
Unrealized losses on derivative contracts	3,312	217	Series FB	10.00	10.08
Total liabilities	7,498	24,607	Series G	10.70	10.79
Net assets attributable to securityholders	1,280,121	1,059,184	Series I	5.88	5.96
Net assets attributable to securityholders					
per series (note 3)					
Series A	67,887	91,778	Series IG	10.01	–
Series AR	10,603	10,261	Series J	10.84	10.92
Series B	10,816	16,840	Series M	11.21	11.30
Series C	397	407	Series O	11.59	11.68
Series D	83	55	Series PW	10.35	10.44
Series E	–	10	Series PWF	10.14	10.22
Series F	15,165	19,075	Series PWFB	9.89	–
Series FB	1,734	480	Series PWT8	12.08	13.04
Series G	718	1,041	Series PWX	10.00	10.08
Series I	4,990	7,140	Series R	10.88	10.97
Series IG	226,500	–	Series S	10.54	10.63
Series J	1,416	2,303	Series SC	10.18	10.26
Series M	1,078	1,173	Series U	9.95	10.02
Series O	31,601	32,552	Investor Series	10.51	10.58
Series PW	49,418	13,043	B-Series	10.40	10.39
Series PWF	7,255	3,860	Advisor Series	10.48	10.56
Series PWFB	1,362	–	Series LB	9.98	10.06
Series PWT8	280	132	Series LW	9.96	–
Series PWX	1,786	1,381			
Series R	316,542	260,939			
Series S	322,827	320,903			
Series SC	179,377	236,546			
Series U	10,867	16,390			
Investor Series	2,419	2,831			

The accompanying notes are an integral part of these financial statements.



MACKENZIE
Investments

MACKENZIE CANADIAN BOND FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended March 31 (note 1)
In thousands (except per security figures)

	2018	2017
	\$	\$
Income		
Dividends	15	–
Interest income	31,436	29,051
Other changes in fair value of investments		
Net realized gain (loss)	1,929	12,643
Net unrealized gain (loss)	(9,471)	(12,994)
Securities lending income	91	90
Fee rebate income	8	–
Total Income (loss)	24,008	28,790

Expenses (note 6)

Management fees	4,950	5,388
Management fee rebates	(27)	(16)
Administration fees	834	867
Securityholder servicing fees	1	1
Interest charges	5	3
Commissions and other portfolio transaction costs	51	31
Independent Review Committee fees	4	5
Other	3	4
Expenses before amounts absorbed by Manager	5,821	6,283
Expenses absorbed by Manager	1	1
Net Expenses	5,820	6,282

Increase (decrease) in net assets attributable to securityholders from operations before tax

	18,188	22,508
Foreign withholding taxes	–	–
Foreign income taxes paid (recovered)	–	–

Increase (decrease) in net assets attributable to securityholders from operations

	18,188	22,508
--	--------	--------

Increase (decrease) in net assets attributable to securityholders from operations per series

Series A	228	1,530
Series AR	40	95
Series B	70	(32)
Series C	3	2
Series D	–	–
Series E	1	–
Series F	206	320
Series FB	30	8
Series G	6	19
Series I	39	124
Series IG	1,795	–
Series J	10	41
Series M	11	22
Series O	679	675
Series PW	119	167
Series PWF	70	24
Series PWFB	17	–
Series PWT8	2	2

	2018	2017
	\$	\$
Series PWX	37	36
Series R	6,265	6,975
Series S	6,667	8,721
Series SC	1,655	3,304
Series U	104	61
Investor Series	24	52
B-Series	28	73
Advisor Series	–	1
Series LB	99	288
Series LW	(17)	–

Increase (decrease) in net assets attributable to securityholders from operations per security

Series A	0.04	0.14
Series AR	0.04	0.10
Series B	0.05	(0.01)
Series C	0.08	0.04
Series D	0.08	0.12
Series E	0.15	0.15
Series F	0.15	0.20
Series FB	0.27	0.18
Series G	0.08	0.18
Series I	0.04	0.12
Series IG	0.20	–
Series J	0.06	0.18
Series M	0.11	0.20
Series O	0.24	0.32
Series PW	0.03	0.14
Series PWF	0.12	0.15
Series PWFB	0.29	–
Series PWT8	0.15	0.22
Series PWX	0.21	0.26
Series R	0.23	0.32
Series S	0.22	0.31
Series SC	0.09	0.19
Series U	0.07	0.04
Investor Series	0.09	0.18
B-Series	0.22	0.40
Advisor Series	0.02	0.10
Series LB	0.06	0.16
Series LW	(0.04)	–

The accompanying notes are an integral part of these financial statements.



MACKENZIE
Investments

MACKENZIE CANADIAN BOND FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

STATEMENTS OF CHANGES IN FINANCIAL POSITION

For the periods ended March 31 (note 1)
In thousands

	2018		2017		2018		2017		2018		2017	
	Series A		Series AR		Series B		Series C		Series D			
	\$		\$		\$		\$		\$			
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS												
Beginning of period	91,778	180,924	10,261	8,655	16,840	–	407	–	55	42		
Increase (decrease) in net assets from operations	228	1,530	40	95	70	(32)	3	2	–	–		
Distributions paid to securityholders:												
Investment income	(970)	(1,959)	(121)	(102)	(139)	(29)	(6)	(1)	(1)	(1)		
Capital gains	–	(790)	–	(40)	–	–	–	–	–	–		
Return of capital	–	–	–	–	–	–	–	–	–	–		
Management fee rebates	–	–	–	–	–	–	–	–	–	–		
Total distributions paid to securityholders	(970)	(2,749)	(121)	(142)	(139)	(29)	(6)	(1)	(1)	(1)		
Security transactions:												
Proceeds from securities issued	11,296	16,968	1,803	2,668	–	–	–	–	30	2		
Proceeds from securities issued on merger	–	–	–	–	–	32,044	–	431	–	41		
Reinvested distributions	932	2,636	121	142	131	27	6	1	1	1		
Value of securities redeemed	(35,377)	(107,531)	(1,501)	(1,157)	(6,086)	(15,170)	(13)	(26)	(2)	(30)		
Total security transactions	(23,149)	(87,927)	423	1,653	(5,955)	16,901	(7)	406	29	14		
Total increase (decrease) in net assets	(23,891)	(89,146)	342	1,606	(6,024)	16,840	(10)	407	28	13		
End of period	67,887	91,778	10,603	10,261	10,816	16,840	397	407	83	55		

	2018		2017		2018		2017		2018		2017	
	Series E		Series F		Series FB		Series G		Series I			
	\$		\$		\$		\$		\$			
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS												
Beginning of period	10	23	19,075	15,645	480	394	1,041	1,244	7,140	5,427		
Increase (decrease) in net assets from operations	1	–	206	320	30	8	6	19	39	124		
Distributions paid to securityholders:												
Investment income	–	–	(346)	(365)	(24)	(9)	(12)	(18)	(141)	(105)		
Capital gains	–	–	–	(121)	–	(3)	–	(6)	–	(31)		
Return of capital	–	–	–	–	–	–	–	–	–	–		
Management fee rebates	–	–	–	–	–	–	–	–	(11)	(12)		
Total distributions paid to securityholders	–	–	(346)	(486)	(24)	(12)	(12)	(24)	(152)	(148)		
Security transactions:												
Proceeds from securities issued	–	–	6,506	9,702	1,855	124	11	3	341	546		
Proceeds from securities issued on merger	–	–	–	1,108	–	1	–	–	–	1,760		
Reinvested distributions	–	–	299	395	24	12	11	21	149	145		
Value of securities redeemed	(11)	(13)	(10,575)	(7,609)	(631)	(47)	(339)	(222)	(2,527)	(714)		
Total security transactions	(11)	(13)	(3,770)	3,596	1,248	90	(317)	(198)	(2,037)	1,737		
Total increase (decrease) in net assets	(10)	(13)	(3,910)	3,430	1,254	86	(323)	(203)	(2,150)	1,713		
End of period	–	10	15,165	19,075	1,734	480	718	1,041	4,990	7,140		

	2018		2017		2018		2017		2018		2017	
	Series E		Series F		Series FB		Series G		Series I			
	\$		\$		\$		\$		\$			
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS												
Beginning of period	1	2	1,623	1,325	48	39	97	115	1,198	905		
Increase (decrease) in net assets from operations	–	–	557	818	186	13	–	–	61	94		
Distributions paid to securityholders:												
Investment income	–	–	–	94	–	–	–	–	–	296		
Capital gains	–	–	–	–	–	–	–	–	–	–		
Return of capital	–	–	–	–	–	–	–	–	–	–		
Management fee rebates	–	–	–	–	–	–	–	–	–	–		
Total distributions paid to securityholders	–	–	–	–	–	–	–	–	–	–		
Security transactions:												
Proceeds from securities issued	–	–	6,506	9,702	1,855	124	11	3	341	546		
Proceeds from securities issued on merger	–	–	–	1,108	–	1	–	–	–	1,760		
Reinvested distributions	–	–	299	395	24	12	11	21	149	145		
Value of securities redeemed	(11)	(13)	(10,575)	(7,609)	(631)	(47)	(339)	(222)	(2,527)	(714)		
Total security transactions	(11)	(13)	(3,770)	3,596	1,248	90	(317)	(198)	(2,037)	1,737		
Total increase (decrease) in net assets	(10)	(13)	(3,910)	3,430	1,254	86	(323)	(203)	(2,150)	1,713		
End of period	–	10	15,165	19,075	1,734	480	718	1,041	4,990	7,140		

	2018		2017		2018		2017		2018		2017	
	Series E		Series F		Series FB		Series G		Series I			
	\$		\$		\$		\$		\$			
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS												
Beginning of period	1	2	1,623	1,325	48	39	97	115	1,198	905		
Increase (decrease) in net assets from operations	–	–	557	818	186	13	–	–	61	94		
Distributions paid to securityholders:												
Investment income	–	–	–	94	–	–	–	–	–	296		
Capital gains	–	–	–	–	–	–	–	–	–	–		
Return of capital	–	–	–	–	–	–	–	–	–	–		
Management fee rebates	–	–	–	–	–	–	–	–	–	–		
Total distributions paid to securityholders	–	–	–	–	–	–	–	–	–	–		
Security transactions:												
Proceeds from securities issued	–	–	6,506	9,702	1,855	124	11	3	341	546		
Proceeds from securities issued on merger	–	–	–	1,108	–	1	–	–	–	1,760		
Reinvested distributions	–	–	299	395	24	12	11	21	149	145		
Value of securities redeemed	(11)	(13)	(10,575)	(7,609)	(631)	(47)	(339)	(222)	(2,527)	(714)		
Total security transactions	(11)	(13)	(3,770)	3,596	1,248	90	(317)	(198)	(2,037)	1,737		
Total increase (decrease) in net assets	(10)	(13)	(3,910)	3,430	1,254	86	(323)	(203)	(2,150)	1,713		
End of period	–	10	15,165	19,075	1,734	480	718	1,041	4,990	7,140		

The accompanying notes are an integral part of these financial statements.

MACKENZIE CANADIAN BOND FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

STATEMENTS OF CHANGES IN FINANCIAL POSITION (cont'd)

For the periods ended March 31 (note 1)
In thousands

	2018		2017		2018		2017		2018		2017	
	Series IG		Series J		Series M		Series O		Series PW			
	\$		\$		\$		\$		\$			
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS												
Beginning of period	–	–	2,303	2,632	1,173	1,297	32,552	20,219	13,043	11,205		
Increase (decrease) in net assets from operations	1,795	–	10	41	11	22	679	675	119	167		
Distributions paid to securityholders:												
Investment income	(607)	–	(28)	(40)	(20)	(22)	(916)	(943)	(753)	(188)		
Capital gains	–	–	–	(13)	–	(7)	–	(209)	–	(65)		
Return of capital	–	–	–	–	–	–	–	–	–	–		
Management fee rebates	–	–	–	–	–	–	–	–	(13)	(4)		
Total distributions paid to securityholders	(607)	–	(28)	(53)	(20)	(29)	(916)	(1,152)	(766)	(257)		
Security transactions:												
Proceeds from securities issued	225,128	–	–	2	–	–	7,578	16,668	50,291	6,636		
Proceeds from securities issued on merger	–	–	–	39	–	–	–	330	–	733		
Reinvested distributions	607	–	28	53	20	29	910	1,143	745	254		
Value of securities redeemed	(423)	–	(897)	(411)	(106)	(146)	(9,202)	(5,331)	(14,014)	(5,695)		
Total security transactions	225,312	–	(869)	(317)	(86)	(117)	(714)	12,810	37,022	1,928		
Total increase (decrease) in net assets	226,500	–	(887)	(329)	(95)	(124)	(951)	12,333	36,375	1,838		
End of period	226,500	–	1,416	2,303	1,078	1,173	31,601	32,552	49,418	13,043		

	Securities		Securities		Securities		Securities		Securities	
Increase (decrease) in fund securities (note 7):										
Securities outstanding – beginning of period	–	–	211	240	104	114	2,787	1,703	1,249	1,069
Issued	22,607	–	–	–	–	–	652	1,406	4,805	631
Issued on merger	–	–	–	3	–	–	–	28	–	70
Reinvested distributions	61	–	3	5	2	3	78	97	72	24
Redeemed	(42)	–	(83)	(37)	(10)	(13)	(791)	(447)	(1,353)	(545)
Securities outstanding – end of period	22,626	–	131	211	96	104	2,726	2,787	4,773	1,249

	Series PWF		Series PWFB		Series PWT8		Series PWX		Series R	
	\$		\$		\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS										
Beginning of period	3,860	424	–	–	132	137	1,381	1,288	260,939	234,660
Increase (decrease) in net assets from operations	70	24	17	–	2	2	37	36	6,265	6,975
Distributions paid to securityholders:										
Investment income	(133)	(31)	(13)	–	(3)	(2)	(52)	(50)	(8,581)	(8,980)
Capital gains	–	(7)	–	–	–	(1)	–	(11)	–	(2,143)
Return of capital	–	–	–	–	(13)	(9)	–	–	–	–
Management fee rebates	(3)	–	–	–	–	–	–	–	–	–
Total distributions paid to securityholders	(136)	(38)	(13)	–	(16)	(12)	(52)	(61)	(8,581)	(11,123)
Security transactions:										
Proceeds from securities issued	5,988	4,173	1,364	–	154	6	810	484	80,913	96,016
Proceeds from securities issued on merger	–	165	–	–	–	–	–	115	–	–
Reinvested distributions	125	35	13	–	8	4	52	59	952	1,763
Value of securities redeemed	(2,652)	(923)	(19)	–	–	(5)	(442)	(540)	(23,946)	(67,352)
Total security transactions	3,461	3,450	1,358	–	162	5	420	118	57,919	30,427
Total increase (decrease) in net assets	3,395	3,436	1,362	–	148	(5)	405	93	55,603	26,279
End of period	7,255	3,860	1,362	–	280	132	1,786	1,381	316,542	260,939

	Securities		Securities		Securities		Securities		Securities	
Increase (decrease) in fund securities (note 7):										
Securities outstanding – beginning of period	378	41	–	–	10	10	137	126	23,795	21,064
Issued	586	407	139	–	12	–	81	47	7,417	8,621
Issued on merger	–	16	–	–	–	–	–	11	–	–
Reinvested distributions	12	3	1	–	1	–	5	6	87	163
Redeemed	(261)	(89)	(2)	–	–	–	(44)	(53)	(2,209)	(6,053)
Securities outstanding – end of period	715	378	138	–	23	10	179	137	29,090	23,795

The accompanying notes are an integral part of these financial statements.



MACKENZIE
Investments

MACKENZIE CANADIAN BOND FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

STATEMENTS OF CHANGES IN FINANCIAL POSITION (cont'd)

For the periods ended March 31 (note 1)
In thousands

	2018		2017		2018		2017		2018		2017	
	Series S		Series SC		Series U		Investor Series		B-Series			
	\$		\$		\$		\$		\$			
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS												
Beginning of period	320,903	292,924	236,546	163,484	16,390	–	2,831	3,191	1,358	2,421		
Increase (decrease) in net assets from operations	6,667	8,721	1,655	3,304	104	61	24	52	28	73		
Distributions paid to securityholders:												
Investment income	(9,206)	(11,015)	(2,983)	(2,751)	(197)	(48)	(41)	(52)	(26)	(66)		
Capital gains	–	(2,458)	–	(829)	–	–	–	(17)	–	(13)		
Return of capital	–	–	–	–	–	–	–	–	–	–		
Management fee rebates	–	–	–	–	–	–	–	–	–	–		
Total distributions paid to securityholders	(9,206)	(13,473)	(2,983)	(3,580)	(197)	(48)	(41)	(69)	(26)	(79)		
Security transactions:												
Proceeds from securities issued	16,043	28,356	38,195	103,857	89	68	70	141	32	10		
Proceeds from securities issued on merger	–	–	–	17,010	–	18,423	–	–	–	–		
Reinvested distributions	9,206	13,473	2,889	3,475	196	48	40	69	26	79		
Value of securities redeemed	(20,786)	(9,098)	(96,925)	(51,004)	(5,715)	(2,162)	(505)	(553)	(70)	(1,146)		
Total security transactions	4,463	32,731	(55,841)	73,338	(5,430)	16,377	(395)	(343)	(12)	(1,057)		
Total increase (decrease) in net assets	1,924	27,979	(57,169)	73,062	(5,523)	16,390	(412)	(360)	(10)	(1,063)		
End of period	322,827	320,903	179,377	236,546	10,867	16,390	2,419	2,831	1,348	1,358		

	Securities		Securities		Securities		Securities		Securities	
Increase (decrease) in fund securities (note 7):										
Securities outstanding – beginning of period	30,199	27,151	23,046	15,846	1,636	–	268	300	131	229
Issued	1,524	2,632	3,748	10,149	9	6	6	14	3	1
Issued on merger	–	–	–	1,659	–	1,842	–	–	–	–
Reinvested distributions	872	1,257	283	337	20	5	4	6	3	8
Redeemed	(1,971)	(841)	(9,460)	(4,945)	(573)	(217)	(48)	(52)	(7)	(107)
Securities outstanding – end of period	30,624	30,199	17,617	23,046	1,092	1,636	230	268	130	131

	Advisor Series		Series LB		Series LW		Total	
	\$		\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS								
Beginning of period	59	79	18,627	19,500	–	–	1,059,184	965,815
Increase (decrease) in net assets from operations	–	1	99	288	(17)	–	18,188	22,508
Distributions paid to securityholders:								
Investment income	(1)	(1)	(222)	(284)	(26)	–	(25,568)	(27,062)
Capital gains	–	–	–	(96)	–	–	–	(6,860)
Return of capital	–	–	–	–	–	–	(13)	(9)
Management fee rebates	–	–	–	–	–	–	(27)	(16)
Total distributions paid to securityholders	(1)	(1)	(222)	(380)	(26)	–	(25,608)	(33,947)
Security transactions:								
Proceeds from securities issued	–	–	2,620	4,517	5,597	–	456,714	290,947
Proceeds from securities issued on merger	–	–	–	469	–	–	–	72,669
Reinvested distributions	1	1	217	372	25	–	17,734	24,237
Value of securities redeemed	(13)	(21)	(12,604)	(6,139)	(710)	–	(246,091)	(283,045)
Total security transactions	(12)	(20)	(9,767)	(781)	4,912	–	228,357	104,808
Total increase (decrease) in net assets	(13)	(20)	(9,890)	(873)	4,869	–	220,937	93,369
End of period	46	59	8,737	18,627	4,869	–	1,280,121	1,059,184

	Securities		Securities		Securities	
Increase (decrease) in fund securities (note 7):						
Securities outstanding – beginning of period	6	7	1,852	1,928	–	–
Issued	–	–	260	447	558	–
Issued on merger	–	–	–	47	–	–
Reinvested distributions	–	–	22	37	3	–
Redeemed	(2)	(1)	(1,258)	(607)	(72)	–
Securities outstanding – end of period	4	6	876	1,852	489	–

The accompanying notes are an integral part of these financial statements.

MACKENZIE CANADIAN BOND FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

STATEMENTS OF CASH FLOWS

For the periods ended March 31 (note 1)
In thousands

	2018	2017
	\$	\$
Cash flows from operating activities		
Net increase (decrease) in net assets attributable to securityholders from operations	18,188	22,508
Adjustments for:		
Net realized loss (gain) on investments	(1,929)	(12,643)
Change in net unrealized loss (gain) on investments	9,471	12,994
Purchase of investments	(1,282,237)	(1,309,288)
Proceeds from sale and maturity of investments	1,053,943	1,336,135
Change in accrued interest receivable	(1,509)	138
Change in dividends receivable	(4)	–
Change in due from manager	(4)	–
Change in due to manager	29	–
Change in margin on futures contracts	(2,240)	(569)
Net cash from operating activities	(206,292)	49,275
Cash flows from financing activities		
Proceeds from redeemable securities issued	388,495	218,856
Payments on redemption of redeemable securities	(176,249)	(202,668)
Distributions paid net of reinvestments	(7,874)	(9,710)
Net cash from financing activities	204,372	6,478
Net increase (decrease) in cash and cash equivalents	(1,920)	55,753
Cash and cash equivalents at beginning of period	56,388	488
Effect of exchange rate fluctuations on cash and cash equivalents	34	147
Cash and cash equivalents at end of period	54,502	56,388
Cash	706	1,154
Cash equivalents	53,796	55,234
Cash and cash equivalents at end of period	54,502	56,388
Supplementary disclosures on cash flow from operating activities:		
Dividends received	11	–
Foreign taxes paid	–	2
Interest received	29,927	29,189
Interest paid	5	3

The accompanying notes are an integral part of these financial statements.



MACKENZIE
Investments

MACKENZIE CANADIAN BOND FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

SCHEDULE OF INVESTMENTS

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
BONDS					
407 International Inc. 3.43% 06-01-2033 MTN	Canada	Corporate - Non Convertible	3,870,000	3,930	3,957
407 International Inc. 3.60% 05-21-2047 Callable	Canada	Corporate - Non Convertible	1,960,000	1,962	1,985
Access Justice Durham 5.015% 08-31-2039	Canada	Asset Backed	3,005,287	3,089	3,375
AerCap Ireland Capital Designated Activity Co. 3.30% 01-23-2023 Callable 2022	Netherlands	Corporate - Non Convertible	USD 1,160,000	1,438	1,456
AIMCo Realty Investors LP 2.27% 06-26-2024 Callable 2024	Canada	Corporate - Non Convertible	1,990,000	1,995	1,923
AIMCo Realty Investors LP 3.04% 06-01-2028 Callable 2028	Canada	Corporate - Non Convertible	1,180,000	1,180	1,173
Algonquin Power & Utilities Corp. 5.50% 07-25-2018 Callable	Canada	Corporate - Non Convertible	440,000	466	445
Algonquin Power & Utilities Corp. 4.65% 02-15-2022	Canada	Corporate - Non Convertible	3,790,000	3,939	4,008
Algonquin Power & Utilities Corp. 4.09% 02-17-2027 Callable	Canada	Corporate - Non Convertible	2,610,000	2,611	2,679
Allied Properties Real Estate Investment Trust 3.75% 03-13-2020	Canada	Corporate - Non Convertible	1,745,000	1,757	1,773
Allied Properties Real Estate Investment Trust 3.93% 11-14-2022	Canada	Corporate - Non Convertible	1,736,000	1,744	1,765
Allied Properties Real Estate Investment Trust 3.64% 04-21-2025 Callable 2025	Canada	Corporate - Non Convertible	2,660,000	2,664	2,600
AltaGas Ltd. 3.72% 09-28-2021 Callable	Canada	Corporate - Non Convertible	2,470,000	2,538	2,530
AltaGas Ltd. 3.98% 10-04-2027 Callable 2027	Canada	Corporate - Non Convertible	1,190,000	1,190	1,202
AltaLink LP 3.72% 12-03-2046 Callable MTN	Canada	Corporate - Non Convertible	2,029,000	2,022	2,105
Anheuser-Busch InBev Finance Inc. 3.30% 02-01-2023 Callable 2022	Belgium	Corporate - Non Convertible	USD 2,400,000	3,429	3,095
Anheuser-Busch InBev Finance Inc. 2.60% 05-15-2024 Callable 2024	Belgium	Corporate - Non Convertible	5,920,000	5,842	5,766
APT Pipelines Ltd. 4.245% 07-24-2019	Australia	Corporate - Non Convertible	4,460,000	4,505	4,554
APT Pipelines Ltd. 4.20% 03-23-2025 Callable 2024 144A	Australia	Corporate - Non Convertible	USD 2,490,000	3,179	3,243
Artis Real Estate Investment Trust 3.753% 03-27-2019	Canada	Corporate - Non Convertible	1,730,000	1,738	1,747
AT&T Inc. 3.825% 11-25-2020	United States	Corporate - Non Convertible	4,230,000	4,442	4,360
Aviva PLC 4.50% 05-10-2021	United Kingdom	Corporate - Non Convertible	2,430,000	2,490	2,535
Bank of America Corp. 3.228% 06-22-2022	United States	Corporate - Non Convertible	1,210,000	1,226	1,228
Bank of America Corp. F/R 03-15-2023 Callable 2022	United States	Corporate - Non Convertible	3,460,000	3,460	3,418
Bank of America Corp. F/R 09-20-2025 Callable 2024	United States	Corporate - Non Convertible	4,270,000	4,283	4,297
Bank of Montreal 2.27% 07-11-2022	Canada	Corporate - Non Convertible	4,940,000	4,916	4,861
Bank of Montreal 2.70% 09-11-2024 DPNT	Canada	Corporate - Non Convertible	8,130,000	8,095	8,060
Bank of Montreal 3.32% 06-01-2026	Canada	Corporate - Non Convertible	4,030,000	4,087	4,075
Bank of Montreal F/R 12-15-2032 Callable 2027	Canada	Corporate - Non Convertible	USD 1,790,000	2,300	2,196
The Bank of Nova Scotia 1.90% 12-02-2021 DPNT	Canada	Corporate - Non Convertible	6,900,000	6,855	6,728
The Bank of Nova Scotia 1.83% 04-27-2022	Canada	Corporate - Non Convertible	5,850,000	5,848	5,661
The Bank of Nova Scotia 2.36% 11-08-2022	Canada	Corporate - Non Convertible	4,650,000	4,650	4,581
The Bank of Nova Scotia 2.29% 06-28-2024	Canada	Corporate - Non Convertible	14,250,000	14,040	13,808
The Bank of Nova Scotia 6.45% 01-01-2025	Canada	Mortgage Backed	2,736,829	2,875	3,227
The Bank of Nova Scotia F/R 04-12-2066 Callable 2022	Canada	Corporate - Non Convertible	USD 2,470,000	3,083	3,025
bcIMC Realty Corp. 3.00% 03-31-2027 Callable 2026	Canada	Corporate - Non Convertible	2,570,000	2,610	2,566
Bell Canada 3.35% 06-18-2019	Canada	Corporate - Non Convertible	4,320,000	4,421	4,376
Bell Canada 2.70% 02-27-2024 Callable	Canada	Corporate - Non Convertible	3,250,000	3,282	3,176
Bell Canada 3.60% 09-29-2027 Callable	Canada	Corporate - Non Convertible	4,960,000	4,989	5,007
Bell Canada 4.45% 02-27-2047 Callable	Canada	Corporate - Non Convertible	5,670,000	5,665	5,820
Brookfield Renewable Energy Partners ULC 3.752% 06-02-2025 Callable 2025	Canada	Corporate - Non Convertible	7,070,000	7,098	7,202
Brookfield Renewable Energy Partners ULC 3.63% 01-15-2027 Callable 2026	Canada	Corporate - Non Convertible	2,200,000	2,199	2,188
Bruce Power LP 2.84% 06-23-2021	Canada	Corporate - Non Convertible	5,390,000	5,468	5,396
Bruce Power LP 3.00% 06-21-2024 Callable 2024	Canada	Corporate - Non Convertible	4,020,000	4,078	3,983



MACKENZIE
Investments

MACKENZIE CANADIAN BOND FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
BONDS (cont'd)					
Bruce Power LP 3.97% 06-23-2026	Canada	Corporate - Non Convertible	1,790,000	1,842	1,861
Cameco Corp. 5.67% 09-02-2019	Canada	Corporate - Non Convertible	3,720,000	3,736	3,853
Canada Housing Trust No. 1 2.35% 06-15-2023	Canada	Federal Government	50,290,000	50,259	50,408
Canada Housing Trust No. 1 2.65% 03-15-2028	Canada	Federal Government	23,750,000	23,654	24,051
Canadian Commercial Mortgage Origination Trust 1 2.768% 11-12-2018	Canada	Mortgage Backed	936,969	937	939
Canadian Credit Card Trust II 1.829% 03-24-2020	Canada	Corporate - Non Convertible	3,990,000	3,991	3,949
Canadian Imperial Bank of Commerce 2.30% 07-11-2022 DPNT	Canada	Corporate - Non Convertible	8,420,000	8,411	8,294
Canadian Imperial Bank of Commerce 2.47% 12-05-2022	Canada	Corporate - Non Convertible	13,810,000	13,741	13,679
Canadian Imperial Bank of Commerce 3.00% 10-28-2024 Callable 2019	Canada	Corporate - Non Convertible	2,410,000	2,445	2,425
Canadian Imperial Bank of Commerce 3.42% 01-26-2026 Callable 2021	Canada	Corporate - Non Convertible	5,820,000	5,973	5,891
Canadian Imperial Bank of Commerce F/R 04-04-2028 Callable 2023	Canada	Corporate - Non Convertible	2,140,000	2,139	2,148
Canadian National Railway Co. 3.60% 08-01-2047 Callable 2047	Canada	Corporate - Non Convertible	1,240,000	1,232	1,248
Canadian Real Estate Investment Trust 2.95% 01-18-2023 Callable 2022	Canada	Corporate - Non Convertible	1,630,000	1,632	1,609
Canadian Western Bank 2.74% 06-16-2022 DPNT	Canada	Corporate - Non Convertible	1,090,000	1,090	1,080
Canadian Western Bank 2.92% 12-15-2022	Canada	Corporate - Non Convertible	1,920,000	1,920	1,909
Capital Power Corp. 4.28% 09-18-2024 Callable 2024	Canada	Corporate - Non Convertible	5,260,000	5,288	5,330
Cards II Trust 2.155% 10-15-2020	Canada	Corporate - Non Convertible	4,610,000	4,610	4,579
Central 1 Credit Union F/R 02-05-2021	Canada	Corporate - Non Convertible	830,000	830	828
Central 1 Credit Union 2.60% 11-07-2022	Canada	Corporate - Non Convertible	1,440,000	1,439	1,415
Chartwell Retirement Residences 3.79% 12-11-2023 Callable 2023	Canada	Corporate - Non Convertible	2,780,000	2,770	2,785
CHIP Mortgage Trust 2.98% 11-15-2021	Canada	Corporate - Non Convertible	1,060,000	1,060	1,037
Choice Properties Real Estate Investment Trust 3.01% 03-21-2022 Callable 2022	Canada	Corporate - Non Convertible	730,000	730	730
Choice Properties Real Estate Investment Trust 3.56% 09-09-2024 Callable 2024	Canada	Corporate - Non Convertible	690,000	690	693
Choice Properties Real Estate Investment Trust 3.55% 01-10-2025 Callable 2024	Canada	Corporate - Non Convertible	1,230,000	1,230	1,230
Choice Properties Real Estate Investment Trust 4.055% 11-24-2025 Callable	Canada	Corporate - Non Convertible	2,580,000	2,775	2,646
Choice Properties Real Estate Investment Trust 4.18% 03-08-2028 Callable 2027	Canada	Corporate - Non Convertible	2,950,000	2,950	2,995
Citigroup Inc. 3.39% 11-18-2021	United States	Corporate - Non Convertible	2,947,000	3,057	3,013
Citigroup Inc. 4.09% 06-09-2025	United States	Corporate - Non Convertible	5,180,000	5,223	5,330
Crosslinx Transit Solutions General Partnership 4.651% 09-30-2046	Canada	Corporate - Non Convertible	2,610,000	2,603	2,722
CU Inc. 3.964% 07-27-2045 Callable	Canada	Corporate - Non Convertible	590,000	634	633
CU Inc. 3.76% 11-19-2046 Callable 2046	Canada	Corporate - Non Convertible	1,400,000	1,400	1,453
Danske Bank AS 2.75% 09-17-2020 144A	Denmark	Corporate - Non Convertible	USD 750,000	990	958
Danske Bank AS 2.80% 03-10-2021 144A	Denmark	Corporate - Non Convertible	USD 1,840,000	2,443	2,345
Eagle Credit Card Trust 2.147% 09-17-2020	Canada	Corporate - Non Convertible	1,760,000	1,761	1,746
Eagle Credit Card Trust 2.63% 10-17-2022	Canada	Corporate - Non Convertible	800,000	800	796
Enbridge Gas Distribution Inc. 3.51% 11-29-2047 Callable 2047	Canada	Corporate - Non Convertible	2,220,000	2,220	2,204
Enbridge Inc. 3.20% 06-08-2027 Callable 2027	Canada	Corporate - Non Convertible	1,480,000	1,479	1,420
Enbridge Inc. 4.57% 03-11-2044	Canada	Corporate - Non Convertible	6,910,000	7,041	6,927



MACKENZIE
Investments

MACKENZIE CANADIAN BOND FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
BONDS (cont'd)					
Enbridge Inc. 5.37% 09-27-2077 Callable 2027	Canada	Corporate - Non Convertible	9,910,000	9,881	9,553
EnerCare Solutions Inc. 3.38% 02-21-2022 Callable 2022	Canada	Corporate - Non Convertible	2,320,000	2,320	2,341
EnerCare Solutions Inc. 3.99% 02-21-2024 Callable 2023	Canada	Corporate - Non Convertible	1,740,000	1,740	1,781
EPCOR Utilities Inc. 3.55% 11-27-2047 Callable 2047	Canada	Corporate - Non Convertible	1,510,000	1,510	1,512
Fairfax Financial Holdings Ltd. 5.84% 10-14-2022	Canada	Corporate - Non Convertible	1,920,000	1,946	2,112
Fairfax Financial Holdings Ltd. 4.50% 03-22-2023	Canada	Corporate - Non Convertible	3,080,000	3,131	3,212
Fairfax Financial Holdings Ltd. 8.30% 04-15-2026	Canada	Corporate - Non Convertible	USD 2,180,000	3,294	3,458
Fairfax Financial Holdings Ltd. 4.25% 12-06-2027 Callable 2027	Canada	Corporate - Non Convertible	130,000	130	129
Fédération des Caisses Desjardins du Québec 2.09% 01-17-2022	Canada	Corporate - Non Convertible	10,040,000	10,054	9,840
Fédération des Caisses Desjardins du Québec 2.39% 08-25-2022	Canada	Corporate - Non Convertible	6,440,000	6,397	6,359
Fortified Trust 2.16% 10-23-2020	Canada	Corporate - Non Convertible	4,230,000	4,230	4,200
Fortified Trust 1.67% 07-23-2021	Canada	Corporate - Non Convertible	5,970,000	5,881	5,799
FortisAlberta Inc. 3.67% 09-09-2047 Callable 2047	Canada	Corporate - Non Convertible	600,000	587	611
Gaz Metro Inc. 1.52% 05-25-2020	Canada	Corporate - Non Convertible	1,010,000	1,010	994
General Motors Financial of Canada Ltd. 2.60% 06-01-2022	United States	Corporate - Non Convertible	2,020,000	2,018	1,971
Genesis Trust II 1.699% 04-15-2020	Canada	Corporate - Non Convertible	3,870,000	3,857	3,821
Glacier Credit Card Trust 2.05% 09-20-2022	Canada	Corporate - Non Convertible	3,440,000	3,440	3,339
The Goldman Sachs Group Inc. 2.43% 04-26-2023 Callable	United States	Corporate - Non Convertible	4,040,000	4,040	3,940
The Goldman Sachs Group Inc. 3.31% F/R 10-31-2025 Callable 2024	United States	Corporate - Non Convertible	7,570,000	7,561	7,508
Government of Canada 3.25% 06-01-2021	Canada	Federal Government	3,780,000	3,934	3,935
Government of Canada 1.50% 06-01-2023	Canada	Federal Government	600,000	584	586
Government of Canada 2.50% 06-01-2024	Canada	Federal Government	4,080,000	4,173	4,192
Government of Canada 2.25% 06-01-2025	Canada	Federal Government	3,300,000	3,298	3,342
Government of Canada 1.00% 06-01-2027	Canada	Federal Government	7,350,000	6,640	6,686
Government of Canada 2.00% 06-01-2028	Canada	Federal Government	120,900,000	117,669	119,698
Government of Canada 2.00% 12-01-2041 Real Return	Canada	Federal Government	1,450,000	2,386	2,276
Government of Canada 1.25% 12-01-2047 Real Return	Canada	Federal Government	28,040,000	34,747	35,925
Government of Canada 2.75% 12-01-2048	Canada	Federal Government	37,980,000	40,776	42,377
Granite REIT Holdings LP 3.87% 11-30-2023 Callable 2023	Canada	Corporate - Non Convertible	820,000	828	826
H&R Real Estate Investment Trust 2.92% 05-06-2022	Canada	Corporate - Non Convertible	1,520,000	1,521	1,497
H&R Real Estate Investment Trust 3.42% 01-23-2023 Callable 2022	Canada	Corporate - Non Convertible	1,950,000	1,950	1,950
H&R Real Estate Investment Trust 3.37% 01-30-2024 Callable 2023	Canada	Corporate - Non Convertible	3,290,000	3,280	3,253
HCN Canadian Holdings-1 LP 3.35% 11-25-2020	United States	Corporate - Non Convertible	1,650,000	1,646	1,676
Health Montreal Collective LP 6.721% 09-30-2049	Canada	Corporate - Non Convertible	1,490,000	1,509	2,021
Heathrow Funding Ltd. 3.25% 05-21-2025	United Kingdom	Corporate - Non Convertible	2,580,000	2,641	2,613
Heathrow Funding Ltd. 3.40% 03-08-2028	United Kingdom	Corporate - Non Convertible	2,600,000	2,596	2,635
Hollis Receivables Term Trust II 1.788% 02-26-2020	Canada	Corporate - Non Convertible	7,270,000	7,249	7,197
HSBC Bank Canada 2.17% 06-29-2022	Canada	Corporate - Non Convertible	10,500,000	10,429	10,240
HSBC Bank Canada 2.54% 01-31-2023	Canada	Corporate - Non Convertible	6,420,000	6,359	6,326
HSBC Holdings PLC 3.20% 12-05-2023	United Kingdom	Corporate - Non Convertible	3,460,000	3,460	3,475
Hydro One Inc. 3.72% 11-18-2047	Canada	Corporate - Non Convertible	4,570,000	4,617	4,672
Hydro-Quebec Interest Strip 0% 02-15-2025	Canada	Provincial Governments	2,880,000	2,388	2,386
Industrial Alliance Insurance and Financial Services Inc. 2.80% 05-16-2024 Callable 2019	Canada	Corporate - Non Convertible	1,230,000	1,242	1,234
Inter Pipeline Ltd. 2.73% 04-18-2024 Callable 2024	Canada	Corporate - Non Convertible	4,680,000	4,726	4,522
Inter Pipeline Ltd. 3.173% 03-24-2025 Callable 2024 MTN	Canada	Corporate - Non Convertible	3,590,000	3,630	3,513



MACKENZIE
Investments

MACKENZIE CANADIAN BOND FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
BONDS (cont'd)					
Inter Pipeline Ltd. 3.48% 12-16-2026 Callable 2026	Canada	Corporate - Non Convertible	2,610,000	2,646	2,566
The International Bank for Reconstruction and Development 3.50% 01-22-2021	Supra - National	n/a	NZD 9,200,000	8,509	8,781
International Finance Corp. 3.625% 05-20-2020	Supra - National	n/a	NZD 2,960,000	2,733	2,824
JPMorgan Chase & Co. 3.19% 03-05-2021	United States	Corporate - Non Convertible	4,080,000	4,162	4,149
Laurentian Bank of Canada F/R 10-22-2019	Canada	Corporate - Non Convertible	1,930,000	1,930	1,931
Laurentian Bank of Canada 3.00% 09-12-2022	Canada	Corporate - Non Convertible	3,350,000	3,344	3,320
The Manufacturers Life Insurance Co. 2.81% 02-21-2024 Callable 2019	Canada	Corporate - Non Convertible	5,450,000	5,504	5,481
The Manufacturers Life Insurance Co. 2.389% 01-05-2026 Callable 2021	Canada	Corporate - Non Convertible	3,200,000	3,206	3,176
Manulife Bank of Canada 1.92% 09-01-2021	Canada	Corporate - Non Convertible	2,630,000	2,630	2,566
Manulife Bank of Canada 2.08% 05-26-2022	Canada	Corporate - Non Convertible	3,060,000	3,060	2,981
Manulife Bank of Canada 2.84% 01-12-2023	Canada	Corporate - Non Convertible	5,580,000	5,584	5,586
Manulife Financial Corp. F/R 08-20-2029 Callable 2024	Canada	Corporate - Non Convertible	3,310,000	3,310	3,264
McDonald's Corp. 3.13% 03-04-2025 Callable 2025	United States	Corporate - Non Convertible	4,890,000	4,884	4,881
Metro Inc. 2.68% 12-05-2022 Callable 2022	Canada	Corporate - Non Convertible	730,000	730	723
Metro Inc. 3.39% 12-06-2027 Callable 2027	Canada	Corporate - Non Convertible	1,540,000	1,539	1,519
Molson Coors International LP 2.84% 07-15-2023 Callable 2023	United States	Corporate - Non Convertible	3,290,000	3,270	3,219
Mondelez International Inc. 3.25% 03-07-2025 Callable 2025	United States	Corporate - Non Convertible	2,380,000	2,369	2,374
Morgan Stanley 3.00% 02-07-2024	United States	Corporate - Non Convertible	5,620,000	5,603	5,554
National Bank of Canada 1.96% 06-30-2022	Canada	Corporate - Non Convertible	14,860,000	14,622	14,435
NAV Canada 3.29% 03-30-2048 Callable 2047	Canada	Corporate - Non Convertible	1,520,000	1,522	1,550
NBC Asset Trust 7.447% Perpetual (F/R @ 06-30-2020) Callable 2020	Canada	Corporate - Non Convertible	10,620,000	10,634	11,563
Newell Brands Inc. 4.20% 04-01-2026 Callable 2026	United States	Corporate - Non Convertible	USD 850,000	1,079	1,087
North Battleford Power LP 4.958% 12-31-2032	Canada	Corporate - Non Convertible	1,720,039	1,720	1,886
North West Redwater Partnership 2.80% 06-01-2027 Callable 2027	Canada	Corporate - Non Convertible	2,760,000	2,665	2,660
North West Redwater Partnership 3.65% 06-01-2035 Callable 2034	Canada	Corporate - Non Convertible	1,480,000	1,479	1,485
OMERS Realty Corp. 3.24% 10-04-2027 Callable 2027	Canada	Corporate - Non Convertible	8,880,000	8,878	9,020
Ontario Electricity Financial Corp. 0% 11-27-2020	Canada	Provincial Governments	4,910,000	4,724	4,623
Ontario Hydro 0% 05-26-2025	Canada	Provincial Governments	2,580,000	2,114	2,094
Ontario Power Generation Inc. 3.32% 10-04-2027 Callable 2027	Canada	Corporate - Non Convertible	3,310,000	3,311	3,348
OPB Finance Trust 2.98% 01-25-2027	Canada	Provincial Governments	6,190,000	6,198	6,226
Pembina Pipeline Corp. 2.99% 01-22-2024 Callable 2023	Canada	Corporate - Non Convertible	5,054,000	5,048	4,975
Pembina Pipeline Corp. 4.02% 03-27-2028 Callable 2027	Canada	Corporate - Non Convertible	2,020,000	2,022	2,045
Province of Manitoba 1.738% 12-01-2018 Real Return	Canada	Provincial Governments	8,615,000	10,834	10,619
Province of Newfoundland 3.70% 10-17-2048	Canada	Provincial Governments	7,970,000	8,795	8,611
Province of Ontario Generic Coupon Strip 0% 12-02-2023	Canada	Provincial Governments	7,050,000	5,858	6,090
Province of Ontario 0% 07-13-2022	Canada	Provincial Governments	5,870,000	5,130	5,272
Province of Ontario 2.60% 09-08-2023	Canada	Provincial Governments	22,540,000	22,540	22,693
Province of Ontario 0% 06-02-2024	Canada	Provincial Governments	14,560,000	12,552	12,347
Province of Ontario 0% 06-02-2026	Canada	Provincial Governments	3,170,000	2,607	2,514
Province of Ontario 2.40% 06-02-2026	Canada	Provincial Governments	32,180,000	31,831	31,498
Province of Ontario 2.60% 06-02-2027	Canada	Provincial Governments	30,840,000	30,800	30,471
Province of Ontario 4.60% 06-02-2039	Canada	Provincial Governments	4,000,000	4,912	4,994
Province of Ontario 2.90% 12-02-2046	Canada	Provincial Governments	11,710,000	11,375	11,410
Province of Ontario 2.80% 06-02-2048	Canada	Provincial Governments	17,860,000	16,680	17,074



MACKENZIE
Investments

MACKENZIE CANADIAN BOND FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
BONDS (cont'd)					
Province of Quebec 0% 04-01-2026 Generic Strip	Canada	Provincial Governments	3,380,000	2,771	2,673
Province of Quebec 2.50% 09-01-2026	Canada	Provincial Governments	6,860,000	6,784	6,780
Province of Quebec 2.75% 09-01-2027	Canada	Provincial Governments	8,526,000	8,699	8,559
Province of Quebec 3.50% 12-01-2045	Canada	Provincial Governments	32,110,000	32,486	35,165
Province of Quebec 3.50% 12-01-2048	Canada	Provincial Governments	1,810,000	1,980	1,999
Reliance LP 3.813% 09-15-2020	Canada	Corporate - Non Convertible	1,540,000	1,540	1,571
Reliance LP 3.84% 03-15-2025 Callable 2025	Canada	Corporate - Non Convertible	1,690,000	1,690	1,685
Royal Bank of Canada 2.00% 03-21-2022	Canada	Corporate - Non Convertible	10,300,000	10,298	10,057
Royal Bank of Canada 2.36% 12-05-2022	Canada	Corporate - Non Convertible	1,590,000	1,590	1,567
Royal Bank of Canada 2.33% 12-05-2023 DPNT	Canada	Corporate - Non Convertible	7,490,000	7,410	7,319
Royal Bank of Canada 4.65% 01-27-2026 GMTN	Canada	Corporate - Non Convertible	USD 1,270,000	1,796	1,692
Sea to Sky Highway Investment LP 2.63% 08-31-2030	Canada	Corporate - Non Convertible	2,529,792	2,530	2,450
SmartCentres Real Estate Investment Trust 3.83% 12-21-2027 Callable 2027	Canada	Corporate - Non Convertible	510,000	510	501
SNC-Lavalin Group Inc. 2.69% 11-24-2020	Canada	Corporate - Non Convertible	480,000	480	479
SNC-Lavalin Group Inc. 3.24% 03-02-2023 Callable 2023	Canada	Corporate - Non Convertible	1,440,000	1,441	1,448
Sprint Spectrum Co. LLC 4.74% 03-20-2025 144A	United States	Corporate - Non Convertible	USD 1,140,000	1,476	1,477
Spy Hill Power LP 4.14% 03-31-2036	Canada	Corporate - Non Convertible	1,681,800	1,676	1,723
Sun Life Financial Inc. F/R 02-19-2026 Callable 2021	Canada	Corporate - Non Convertible	3,310,000	3,350	3,341
Sun Life Financial Inc. F/R 11-23-2027 Callable 2022	Canada	Corporate - Non Convertible	1,450,000	1,449	1,437
Sun Life Financial Inc. F/R 09-19-2028 Callable 2023	Canada	Corporate - Non Convertible	5,510,000	5,521	5,509
Sydney Airport Finance Co. Pty. Ltd. 3.625% 04-28-2026 Callable 2026 144A	Australia	Corporate - Non Convertible	USD 2,950,000	3,752	3,716
TD Capital Trust IV 6.63% 06-30-2108 Callable 2021	Canada	Corporate - Non Convertible	3,510,000	3,699	3,899
TELUS Corp. 3.35% 04-01-2024 Callable	Canada	Corporate - Non Convertible	2,050,000	2,110	2,078
TELUS Corp. 3.63% 03-01-2028 Callable 2027	Canada	Corporate - Non Convertible	2,730,000	2,720	2,743
TELUS Corp. 4.70% 03-06-2048 Callable 2047	Canada	Corporate - Non Convertible	2,970,000	2,952	3,075
Thomson Reuters Corp. 3.309% 11-12-2021 Callable	Canada	Corporate - Non Convertible	2,270,000	2,270	2,311
TMX Group Ltd. 4.46% 10-03-2023 Callable 2023	Canada	Corporate - Non Convertible	3,225,000	3,649	3,463
TMX Group Ltd. 2.30% 12-11-2024 Callable 2024	Canada	Corporate - Non Convertible	1,510,000	1,514	1,498
The Toronto-Dominion Bank 1.99% 03-23-2022	Canada	Corporate - Non Convertible	250,000	244	244
The Toronto-Dominion Bank 2.05% 12-01-2022	Canada	Mortgage Backed	1,354,503	1,311	1,334
The Toronto-Dominion Bank 1.91% 07-18-2023 DPNT	Canada	Corporate - Non Convertible	14,460,000	14,170	13,890
The Toronto-Dominion Bank 5.50% 04-01-2024	Canada	Mortgage Backed	953,124	904	1,067
The Toronto-Dominion Bank 6.125% 12-01-2024	Canada	Mortgage Backed	4,886,199	5,306	5,688
The Toronto-Dominion Bank 5.38% 07-01-2028	Canada	Mortgage Backed	6,435,180	6,837	7,349
The Toronto-Dominion Bank F/R 07-25-2029 Callable 2024	Canada	Corporate - Non Convertible	1,320,000	1,320	1,306
TransCanada Pipelines Ltd. 3.39% 03-15-2028 Callable 2027	Canada	Corporate - Non Convertible	2,770,000	2,769	2,797
TransCanada Trust F/R 05-18-2077 Callable 2027	Canada	Corporate - Non Convertible	4,720,000	4,702	4,664
Transurban Finance Co. Pty Ltd. 3.368% 03-06-2019	Australia	Asset Backed	3,130,000	3,128	3,169
Trillium Windpower LP 5.80% 02-15-2033	United States	Corporate - Non Convertible	1,640,354	1,640	1,867
Union Gas Ltd. 3.59% 11-22-2047 Callable 2047	Canada	Corporate - Non Convertible	1,650,000	1,647	1,655
United States Treasury Inflation Indexed 0.89% 02-15-2047	United States	Foreign Governments	USD 16,970,000	21,328	22,271
United States Treasury 2.75% 02-15-2028	United States	Foreign Governments	USD 1,830,000	2,333	2,363
Ventas Canada Finance Ltd. 2.55% 03-15-2023 Callable 2023	United States	Corporate - Non Convertible	2,740,000	2,742	2,680
Ventas Realty LP 4.00% 03-01-2028 Callable 2027	United States	Corporate - Non Convertible	USD 1,110,000	1,377	1,410
Verizon Communications Inc. 2.63% 08-15-2026 Callable 2026	United States	Corporate - Non Convertible	USD 4,220,000	5,551	4,967
VW Credit Canada Inc. 3.25% 03-29-2023	Germany	Corporate - Non Convertible	1,240,000	1,239	1,248



MACKENZIE
Investments

MACKENZIE CANADIAN BOND FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
BONDS (cont'd)					
Wells Fargo & Co. 2.222% 03-15-2021	United States	Corporate - Non Convertible	7,190,000	7,194	7,091
Wells Fargo & Co. 2.98% 05-19-2026	United States	Corporate - Non Convertible	2,263,000	2,263	2,189
Westcoast Energy Inc. 4.79% 10-28-2041	Canada	Corporate - Non Convertible	2,570,000	2,718	2,835
Total bonds				1,191,817	1,199,631
EXCHANGE-TRADED FUNDS/NOTES					
Mackenzie US Investment Grade Corporate Bond Index ETF (CAD-Hedged)	Canada	Exchange-Traded Funds/Notes	190,898	18,986	18,763
Total exchange-traded funds/notes				18,986	18,763
Transaction costs				(13)	-
Total investments				1,210,790	1,218,394
Derivative instruments (see schedule of derivative instruments)					(2,992)
Cash and cash equivalents					54,502
Other assets less liabilities					10,217
Total net assets					1,280,121



MACKENZIE
Investments

MACKENZIE CANADIAN BOND FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

SUMMARY OF INVESTMENT PORTFOLIO

March 31, 2018	
Portfolio Allocation	% of NAV
Bonds	93.5
<i>Bonds</i>	93.7
<i>Short futures</i>	(0.2)
Cash and short-term investments	4.3
Exchange-traded funds/notes	1.4
Other assets (liabilities)	0.8

Regional Allocation	
	% of NAV
Canada	82.8
United States	8.2
Cash and short-term investments	4.3
Australia	1.1
United Kingdom	0.9
Other assets (liabilities)	0.8
Belgium	0.7
New Zealand	0.7
Denmark	0.3
Netherlands	0.1
Germany	0.1

Sector Allocation	
	% of NAV
Corporate bonds	47.7
Federal bonds	22.9
Provincial bonds	18.3
Cash and short-term investments	4.3
Foreign government bonds	1.7
Mortgage backed	1.5
Exchange-traded funds/notes	1.4
Supra-national bonds	0.9
Other assets (liabilities)	0.8
Asset backed	0.5

March 31, 2017	
Portfolio Allocation	% of NAV
Bonds	93.7
<i>Bonds</i>	93.7
<i>Short futures</i>	(0.0)
Cash and short-term investments	5.4
Other assets (liabilities)	0.9

Regional Allocation	
	% of NAV
Canada	81.2
United States	6.6
Cash and short-term investments	5.4
Australia	1.5
Denmark	1.3
United Kingdom	1.2
Other assets (liabilities)	0.9
New Zealand	0.8
Japan	0.6
Belgium	0.3
Germany	0.2

Sector Allocation	
	% of NAV
Corporate bonds	52.1
Provincial bonds	22.9
Federal bonds	11.6
Cash and short-term investments	5.4
Mortgage backed	5.1
Supra-national bonds	1.1
Other assets (liabilities)	0.9
Asset backed	0.7
Municipal bonds	0.2



MACKENZIE
Investments

MACKENZIE CANADIAN BOND FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

SCHEDULE OF DERIVATIVE INSTRUMENTS

As at March 31, 2018

Schedule of Futures Contracts

Number of Contracts	Type of Contract	Expiration Date	Average Rate of Contracts (\$)	Notional Value* (\$ 000s)	Unrealized (Losses) (\$ 000s)
(635)	10 Year United States Treasury Note Futures June 2018	Jun. 20, 2018	119.74 USD	(99,097)	(1,149)
(230)	CME Ultra Term United States Treasury Bond Futures June 2018	Jun. 20, 2018	154.63 USD	(47,546)	(1,731)
Unrealized (Losses)				(146,643)	(2,880)
Total futures contracts				(146,643)	(2,880)

*Notional value represents the exposure to the underlying instruments as at March 31, 2018

Schedule of Forward Currency Contracts

Counterparty Credit Rating	Bought (\$ 000s)	Sold (\$ 000s)	Settlement Date	Contract Cost (\$ 000s)	Current Fair Value (\$ 000s)	Unrealized Gains (Losses) (\$ 000s)
AA	3,463 Canadian dollar	(2,650) U.S. dollar	Apr. 13, 2018	(3,463)	(3,413)	50
AA	10,300 U.S. dollar	(13,263) Canadian dollar	Apr. 20, 2018	13,263	13,264	1
AA	3,461 Canadian dollar	(2,650) U.S. dollar	May 11, 2018	(3,461)	(3,412)	49
AA	3,459 Canadian dollar	(2,650) U.S. dollar	May 18, 2018	(3,459)	(3,411)	48
AA	11,668 Canadian dollar	(12,500) New Zealand dollar	Jun. 13, 2018	(11,668)	(11,620)	48
AA	5,172 Canadian dollar	(4,015) U.S. dollar	Jun. 22, 2018	(5,172)	(5,165)	7
AA	5,901 Canadian dollar	(4,535) U.S. dollar	Jun. 29, 2018	(5,901)	(5,833)	68
AA	3,457 Canadian dollar	(2,650) U.S. dollar	Jun. 29, 2018	(3,457)	(3,408)	49
Unrealized Gains						320
AA	11,926 Canadian dollar	(9,530) U.S. dollar	Apr. 20, 2018	(11,926)	(12,273)	(347)
AA	4,163 Canadian dollar	(3,240) U.S. dollar	May 18, 2018	(4,163)	(4,170)	(7)
AA	641 Canadian dollar	(510) U.S. dollar	Jun. 8, 2018	(641)	(656)	(15)
AA	4,161 Canadian dollar	(3,240) U.S. dollar	Jun. 15, 2018	(4,161)	(4,168)	(7)
AA	5,536 Canadian dollar	(4,315) U.S. dollar	Jun. 15, 2018	(5,536)	(5,551)	(15)
AA	4,163 Canadian dollar	(3,240) U.S. dollar	Jun. 22, 2018	(4,163)	(4,167)	(4)
A	4,152 Canadian dollar	(3,240) U.S. dollar	Jul. 13, 2018	(4,152)	(4,166)	(14)
AA	4,159 Canadian dollar	(3,240) U.S. dollar	Jul. 13, 2018	(4,159)	(4,166)	(7)
AA	4,161 Canadian dollar	(3,240) U.S. dollar	Jul. 20, 2018	(4,161)	(4,166)	(5)
AA	4,154 Canadian dollar	(3,240) U.S. dollar	Jul. 27, 2018	(4,154)	(4,165)	(11)
Unrealized (Losses)						(432)
Total forward currency contracts						(112)
Total derivative instruments at fair value						(2,992)



MACKENZIE
Investments

NOTES TO FINANCIAL STATEMENTS

1. Fiscal Periods and General Information

The information provided in these financial statements and notes thereto is for the periods ended or as at March 31, 2018 and 2017, as applicable. In the year a Fund or series is established or reinstated, 'period' represents the period from inception or reinstatement. Refer to Note 9 for the formation date of the Fund and the inception date of each series.

The Fund is organized as an open-ended mutual fund trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust as amended and restated from time to time. The address of the Fund's registered office is 180 Queen Street West, Toronto, Ontario, Canada. The Fund is authorized to issue an unlimited number of units (referred to as "security" or "securities") of multiple series. Series of the Fund are available for sale under Simplified Prospectus or exempt distribution options.

Mackenzie Financial Corporation ("Mackenzie") is the manager of the Fund and is wholly owned by IGM Financial Inc., a subsidiary of Power Financial Corporation, which itself is a subsidiary of Power Corporation of Canada. The Great-West Life Assurance Company, London Life Insurance Company and The Canada Life Assurance Company (collectively, the "Related Insurance Companies") are wholly owned by Great-West Lifeco Inc., which is also a subsidiary of Power Financial Corporation. Investments in companies within the Power Group of companies held by the Fund are identified in the Schedule of Investments.

2. Basis of Preparation and Presentation

These audited annual financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). A summary of the Fund's significant accounting policies under IFRS is presented in Note 3.

These financial statements are presented in Canadian dollars, which is the Fund's functional and presentation currency, and rounded to the nearest thousand unless otherwise indicated. These financial statements are prepared on a going concern basis using the historical cost basis, except for financial assets and liabilities that have been measured at fair value.

These financial statements were authorized for issue by the Board of Directors of Mackenzie Financial Corporation on June 7, 2018.

Standards issued but not yet effective for the current accounting year, as applicable, are described in Note 3.

3. Significant Accounting Policies

(a) Financial instruments

Financial instruments include financial assets and liabilities such as debt and equity securities, open-ended investment funds and derivatives. The Fund classifies and measures financial instruments in accordance with IFRS 9, *Financial Instruments* ("IFRS 9"). Upon initial recognition, financial instruments are classified as fair value through profit or loss ("FVTPL"). All financial instruments are recognized in the Statement of Financial Position when the Fund becomes a party to the contractual requirements of the instrument. Financial assets are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation is discharged, cancelled and expires. As such, investment purchase and sale transactions are recorded as of the trade date.

Financial instruments are subsequently measured at FVTPL with changes in fair value recognized in the Statement of Comprehensive Income – Net unrealized gain (loss).

The Fund's redeemable securities contain multiple dissimilar contractual obligations and therefore meet the criteria for classification as financial liabilities under IAS 32, *Financial Instruments: Presentation*. The Fund's obligation for net assets attributable to securityholders is presented at the redemption amount.

IAS 7, *Statement of Cash Flows*, requires disclosures related to changes in liabilities and assets, such as the securities of the Fund, arising from financing activities. Changes in securities of the Fund, including both changes from cash flows and non-cash changes, are included in the Statement of Changes in Financial Position. Any changes in the securities not settled in cash as at the end of the period are presented as either Accounts receivable for securities issued or Accounts payable for securities redeemed in the Statement of Financial Position. These accounts receivable and accounts payable amounts typically settle shortly after year-end.

Realized and unrealized gains and losses on investments are calculated based on the weighted average cost of investments and exclude commissions and other portfolio transaction costs, which are separately reported in the Statement of Comprehensive Income – Commissions and other portfolio transaction costs.

Gains and losses arising from changes in the fair value of the investments are included in the Statement of Comprehensive Income for the period in which they arise.

NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(a) Financial instruments (cont'd)

The Fund accounts for its holdings in unlisted open-ended investment funds and exchange-traded funds, if any, at fair value through profit and loss. Mackenzie has concluded that any unlisted open-ended investment fund and exchange-traded funds in which the Fund invests, do not meet either the definition of a structured entity or the definition of an associate.

(b) Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investments listed on a public securities exchange or traded on an over-the-counter market are valued on the basis of the last traded market price or close price recorded by the security exchange on which the security is principally traded, where this price falls within the quoted bid-ask spread for the investment. In circumstances where this price is not within the bid-ask spread, Mackenzie determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Mutual fund securities of an underlying fund are valued on a business day at the price calculated by the manager of such underlying fund in accordance with the constating documents of such underlying fund. Unlisted or non-exchange traded investments, or investments where a last sale or close price is unavailable or investments for which market quotations are, in Mackenzie's opinion, inaccurate, unreliable, or not reflective of all available material information, are valued at their fair value as determined by Mackenzie using appropriate and accepted industry valuation techniques including valuation models. The fair value determined using valuation models requires the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices. In limited circumstances, the fair value may be determined using valuation techniques that are not supported by observable market data.

The cost of investments is determined on a weighted average cost basis.

Cash and cash equivalents which includes cash on deposit with financial institutions and short term investments that are readily convertible to cash, are subject to an insignificant risk of changes in value, and are used by the Fund in the management of short-term commitments. Cash and cash equivalents are reported at fair value which closely approximates their amortized cost due to their nature of being highly liquid and having short terms to maturity. Bank overdraft positions are presented under current liabilities as bank indebtedness in the Statement of Financial Position.

The Fund may use derivatives (such as written options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in securities prices, interest rates or exchange rates. The Fund may also use derivatives for non-hedging purposes in order to invest indirectly in securities or financial markets, to gain exposure to other currencies, to seek to generate additional income, and/or for any other purpose considered appropriate by the Fund's portfolio manager(s), provided that the use of the derivative is consistent with the Fund's investment objectives. Any use of derivatives will comply with Canadian mutual fund laws, subject to the regulatory exemptions granted to the Fund, as applicable. Refer to "Exemptions from National Instrument 81-102" in the Annual Information Form of the Fund for further details, including the complete conditions of these exemptions, as applicable.

Valuations of derivative instruments are carried out daily, using normal exchange reporting sources for exchange-traded derivatives and specific broker enquiry for over-the-counter derivatives.

The value of forward contracts is the gain or loss that would be realized if, on the valuation date, the positions were to be closed out. The change in value of forward contracts is included in the Statement of Comprehensive Income – Other changes in fair value of investments – Net unrealized gain (loss).

The value of futures contracts or swaps fluctuates daily, and cash settlements made daily, where applicable, by the Fund are equal to the unrealized gains or losses on a "mark to market" basis. These unrealized gains or losses are recorded and reported as such until the Fund closes out the contract or the contract expires. Margin paid or deposited in respect of futures contracts or swaps is reflected as a receivable in the Statement of Financial Position – Margin on futures contracts or swaps. Any change in the variation margin requirement is settled daily.

Premiums received from writing options are included in the Statement of Financial Position as a liability and subsequently adjusted daily to fair value. If a written option expires unexercised, the premium received is recognized as a realized gain. If a written call option is exercised, the difference between the proceeds of the sale plus the value of the premium, and the cost of the security is recognized as a realized gain or loss. If a written put option is exercised, the cost of the security acquired is the exercise price of the option less the premium received.

Refer to the Schedule of Derivative Instruments and Schedule of Options Purchased/Written, as applicable, included in the Schedule of Investments for a listing of derivative and options positions as at March 31, 2018.

NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(c) Income recognition

Interest income from interest bearing investments is recognized using the effective interest method. Dividends are accrued as of the ex-dividend date. Realized gains or losses on the sale of investments, including foreign exchange gains or losses on such investments, are calculated on an average cost basis. Distributions received from an underlying fund are included in interest income, dividend income, realized gains (losses) on sale of investments or fee rebate income, as appropriate.

Income, realized gains (losses) and unrealized gains (losses) are allocated daily among the series on a pro-rata basis.

(d) Commissions and other portfolio transaction costs

Commissions and other portfolio transaction costs are costs incurred to acquire, issue or dispose of financial assets or liabilities. They include fees and commissions paid to agents, advisers, brokers and dealers. Commissions may be paid to brokerage firms which provide (or pay for) certain services, other than order execution, which may include investment research, analysis and reports, and databases or software in support of these services. Where applicable and ascertainable, the value of third-party services that were paid for by brokers during the periods is disclosed in Note 9. The value of certain proprietary services provided by brokers cannot be reasonably estimated.

(e) Securities lending, repurchase and reverse repurchase transactions

The Fund is permitted to enter into securities lending, repurchase and reverse repurchase transactions as set out in the Fund's Simplified Prospectus. These transactions involve the temporary exchange of securities for collateral with a commitment to redeliver the same securities on a future date.

Securities lending transactions are administered by Canadian Imperial Bank of Commerce (the "Securities Lending Agent"). The value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned, sold or purchased. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on cash or securities held as collateral. Income earned from these transactions is included in the Statement of Comprehensive Income – Securities lending income and recognized when earned.

Note 9 summarizes the details of securities loaned and collateral received, as well as a reconciliation of securities lending income, if applicable.

(f) Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statement of Financial Position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. Note 9 summarizes the details of such offsetting, if applicable.

Income and expenses are not offset in the Statement of Comprehensive Income unless required or permitted to by an accounting standard, as specifically disclosed in the IFRS policies of the Fund.

(g) Foreign currency

The functional and presentation currency of the Fund is Canadian dollars. Foreign currency purchases and sales of investments and foreign currency dividend and interest income and expenses are translated to Canadian dollars at the rate of exchange prevailing at the time of the transactions.

Foreign exchange gains (losses) on purchases and sales of foreign currencies are included in the Statement of Comprehensive Income – Net realized gain (loss).

The fair value of investments and other assets and liabilities, denominated in foreign currencies, are translated to Canadian dollars at the rate of exchange prevailing on each business day.

(h) Net assets attributable to securityholders per security

Net assets attributable to securityholders per security is computed by dividing the net assets attributable to securityholders of a series of securities on a business day by the total number of securities of the series outstanding on that day.

(i) Net asset value per security

The daily Net Asset Value ("NAV") of an investment fund may be calculated without reference to IFRS as per the Canadian Securities Administrators' ("CSA") regulations. The difference between NAV and Net assets attributable to securityholders (as reported in the financial statements), if any, is mainly due to differences in fair value of investments and other financial assets and liabilities. Refer to Note 9 for the Fund's NAV per security.

NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(j) Increase (decrease) in net assets attributable to securityholders from operations per security

Increase (decrease) in net assets attributable to securityholders from operations per security in the Statement of Comprehensive Income represents the increase (decrease) in net assets attributable to securityholders from operations for the period, divided by the weighted average number of securities outstanding during the period.

(k) Mergers

The Fund applies the acquisition method of accounting for Fund mergers. Under this method, one of the Funds in each merger is identified as the acquiring Fund, and is referred to as the Continuing Fund, and the other Fund involved in the merger is referred to as the Terminated Fund. This identification is based on the comparison of the relative net asset values of the Funds as well as consideration of the continuation of such aspects of the Continuing Fund as: investment advisors; investment objectives and practices; type of portfolio securities; and management fees and expenses.

4. Critical Accounting Estimates and Judgments

The preparation of these financial statements requires management to make estimates and assumptions that primarily affect the valuation of investments. Estimates and assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates.

Use of Estimates

Fair value of securities not quoted in an active market

The Fund may hold financial instruments that are not quoted in active markets and are valued using valuation techniques that make use of observable data, to the extent practicable. Various valuation techniques are utilized, depending on a number of factors, including comparison with similar instruments for which observable market prices exist and recent arm's length market transactions. Key inputs and assumptions used are company specific and may include estimated discount rates and expected price volatilities. Changes in key inputs, could affect the reported fair value of these financial instruments held by the Fund.

Use of Judgments

Classification and measurement of investments and application of the fair value option

In classifying and measuring financial instruments held by the Fund, Mackenzie is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. Mackenzie has assessed the Fund's business model, the manner in which all financial instruments are managed and performance evaluated as a group on a fair value basis, and concluded that FVTPL in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Fund's financial instruments.

Functional currency

The Fund's functional and presentation currency is the Canadian dollar, which is the currency considered to best represent the economic effects of the Fund's underlying transactions, events and conditions taking into consideration the manner in which securities are issued and redeemed and how returns and performance by the Fund are measured.

Structured entities and associates

In determining whether an unlisted open-ended investment fund or an exchange-traded fund in which the Fund invests, but that it does not consolidate, meets the definitions of either a structured entity or of an associate, Mackenzie is required to make significant judgments about whether these underlying funds have the typical characteristics of a structured entity or of an associate. Mackenzie has assessed the characteristics of these underlying funds and has concluded that they do not meet the definition of either a structured entity or of an associate because the Fund does not have contracts or financing arrangements with these underlying funds and the Fund does not have an ability to influence the activities of these underlying funds or the returns it receives from investing in these underlying funds.

5. Income Taxes

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and, accordingly, is subject to tax on its income including net realized capital gains in the taxation year, which is not paid or payable to its securityholders as at the end of the taxation year. It is the intention of the Fund to distribute all of its net income and sufficient net realized capital gains so that the Fund will not be subject to income taxes other than foreign withholding taxes, if applicable.

Losses of the Fund cannot be allocated to investors and are retained in the Fund for use in future years. Non-capital losses may be carried forward up to 20 years to reduce taxable income and realized capital gains of future years. Capital losses may be carried forward indefinitely to reduce future realized capital gains. Refer to Note 9 for the Fund's loss carryforwards.

NOTES TO FINANCIAL STATEMENTS

6. Management Fees and Operating Expenses

Mackenzie is paid a management fee for managing the investment portfolio, providing investment analysis and recommendations, making investment decisions, making brokerage arrangements relating to the purchase and sale of the investment portfolio and making arrangements with registered dealers for the purchase and sale of securities of the Fund by investors. The management fee is calculated on each series of securities of the Fund as a fixed annual percentage of the daily net asset value of the series.

Each series of the Fund, except B-Series, is charged a fixed rate annual administration fee ("Administration Fee") and in return, Mackenzie bears all of the operating expenses of the Fund, other than certain specified fund costs. The Administration Fee is calculated on each series of securities of the Fund as a fixed annual percentage of the daily net asset value of the series.

Other fund costs include taxes (including, but not limited to GST/HST and income tax), interest and borrowing costs, all fees and expenses of the Mackenzie Funds' Independent Review Committee (IRC), costs of complying with the regulatory requirement to produce Fund Facts, fees paid to external service providers associated with tax reclaims, refunds or the preparation of foreign tax reports on behalf of the Funds, new fees related to external services that were not commonly charged in the Canadian mutual fund industry and introduced after the date of the most recently filed simplified prospectus, and the costs of complying with any new regulatory requirements, including, without limitation, any new fees introduced after the date of the most recently filed simplified prospectus.

All expenses relating to the operation of the Fund attributable to B-Series securities will be charged to that particular series. Operating expenses include legal, audit, transfer agent, custodian, administration and trustee services, cost of financial reporting and Simplified Prospectus printing, regulatory filing fees and other miscellaneous expenses specifically attributable to the B-Series securities and any applicable taxes.

Mackenzie may waive or absorb management fees and/or Administration Fees at its discretion and stop waiving or absorbing such fees at any time without notice. Refer to Note 9 for the management fee and Administration Fee rates charged to each series of securities.

7. Fund's Capital

The capital of the Fund, which is comprised of the net assets attributable to securityholders, is divided into different series with each series having an unlimited number of securities. The securities outstanding for the Fund as at March 31, 2018 and 2017 and securities issued, reinvested and redeemed for the periods are presented in the Statement of Changes in Financial Position. Mackenzie manages the capital of the Fund in accordance with the investment objectives as discussed in Note 9.

8. Financial Instruments Risk

i. Risk exposure and management

The Fund's investment activities expose it to a variety of financial risks, as defined in IFRS 7 *Financial Instruments: Disclosures* ("IFRS 7"). The Fund's exposure to financial risks is concentrated in its investments, which are presented in the Schedule of Investments, as at March 31, 2018, grouped by asset type, with geographic and sector information.

Mackenzie seeks to minimize potential adverse effects of financial risks on the Fund's performance by employing professional, experienced portfolio advisors, by monitoring the Fund's positions and market events daily, by diversifying the investment portfolio within the constraints of the Fund's investment objectives, and where applicable, by using derivatives to hedge certain risk exposures. To assist in managing risks, Mackenzie also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy, internal guidelines, and securities regulations.

ii. Liquidity risk

Liquidity risk arises when the Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable securities. In accordance with securities regulations, the Fund must maintain at least 90% of its assets in liquid investments (i.e., investments that can be readily sold). In addition, the Fund retains sufficient cash and short-term investment positions to maintain adequate liquidity. The Fund also has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions.

iii. Currency risk

Currency risk arises when the fair value of financial instruments that are denominated in a currency other than the Canadian dollar, which is the Fund's reporting currency, fluctuates due to changes in exchange rates. Note 9 summarizes the Fund's exposure, if applicable and significant, to currency risk.

NOTES TO FINANCIAL STATEMENTS

8. Financial Instruments Risk (cont'd)

iv. Interest rate risk

Interest rate risk arises when the fair value of interest-bearing financial instruments fluctuates due to changes in the prevailing levels of market interest rates. Cash and cash equivalents do not expose the Fund to significant amounts of interest rate risk. Note 9 summarizes the Fund's exposure, if applicable and significant, to interest rate risk.

v. Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. This risk is managed through a careful selection of investments and other financial instruments within the parameters of the investment strategies. Except for certain derivative contracts, the maximum risk resulting from financial instruments is equivalent to their fair value. The maximum risk of loss on certain derivative contracts such as forwards, swaps, and futures contracts is equal to their notional values. In the case of written call (put) options and short futures contracts, the loss to the Fund continues to increase, without limit, as the fair value of the underlying interest increases (decreases). However, these instruments are generally used within the overall investment management process to manage the risk from the underlying investments and do not typically increase the overall risk of loss to the Fund. This risk is mitigated by ensuring that the Fund holds a combination of the underlying interest, cash cover and/or margin that is equal to or greater than the value of the derivative contract. Note 9 summarizes the Fund's exposure, if applicable and significant, to other price risk.

vi. Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. Note 9 summarizes the Fund's exposure, if applicable and significant, to credit risk.

All transactions in listed securities are executed with approved brokers. To minimize the possibility of settlement default, securities are exchanged for payment simultaneously, where market practices permit, through the facilities of a central depository and/or clearing agency where customary.

The carrying amount of investments and other assets represents the maximum credit risk exposure as at the date of the Statement of Financial Position.

The Fund may enter into securities lending transactions with counterparties and it may also be exposed to credit risk from the counterparties to the derivative instruments it may use. Credit risk associated with these transactions is considered minimal as all counterparties have a rating equivalent to a designated rating organization's credit rating of not less than A-1 (low) on their short-term debt and of A on their long-term debt, as applicable.

vii. Underlying funds

The Fund may invest in underlying funds and may be indirectly exposed to currency risk, interest rate risk, other price risk and credit risk from fluctuations in the value of financial instruments held by the underlying funds. Note 9 summarizes the Fund's exposure, if applicable and significant, to these risks from underlying funds.

NOTES TO FINANCIAL STATEMENTS

9. Fund Specific Information *(in '000s, except for (a))*

(a) Fund Formation and Series Information

Date of Formation January 12, 1989

The Fund may issue an unlimited number of securities of each series. The number of issued and outstanding securities of each series is disclosed in the Statements of Changes in Financial Position.

Series Offered by Mackenzie Financial Corporation *(180 Queen Street West, Toronto, Ontario, M5V 3K1; 1-800-387-0614; www.mackenzieinvestments.com)*

Series A securities are offered to retail investors investing a minimum of \$500 under the redemption charge and low-load purchase options.

Series AR securities are offered to retail investors in a Registered Disability Savings Plan offered by Mackenzie.

Series D securities are offered to retail investors investing a minimum of \$500 through a discount brokerage or other account approved by Mackenzie.

Series F securities are offered to investors who are enrolled in a dealer-sponsored fee-for-service or wrap program, who are subject to an asset-based fee rather than commissions on each transaction and who invest at least \$500; they are also available to employees of Mackenzie and its subsidiaries, and directors of Mackenzie.

Series FB securities are offered to retail investors investing a minimum of \$500. Investors are required to negotiate their advisor service fee, which cannot exceed 1.50%, with their financial advisor.

Series I securities are offered to retail investors investing a minimum of \$500 in a qualified group plan with a minimum of \$20,000,000 in assets.

Series IG securities are offered exclusively to IG portfolio funds.

Series O securities are offered only to investors investing a minimum of \$500,000 who have an account with Mackenzie Private Wealth Counsel; certain institutional investors; and certain qualifying employees of Mackenzie and its subsidiaries.

Series PW and Series PWT8 securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors in Series PWT8 securities also want to receive a monthly cash flow of 8% per year.

Series PWF securities are offered through our Private Wealth Solutions to certain high net worth investors who are enrolled in a dealer-sponsored fee-for-service or wrap program, who are subject to an asset-based fee rather than commissions on each transaction and who invest at least \$100,000. Effective June 1, 2018, Series PWF securities were consolidated into Series F securities.

Series PWF securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors are required to negotiate their advisor service fee, which cannot exceed 1.50%, with their financial advisor.

Series PWX securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors are required to negotiate their advisor service fee, which cannot exceed 1.50%, with their financial advisor.

Series R securities are offered only to other affiliated funds and certain institutional investors in connection with fund-of-fund arrangements.

Series S securities are offered to the Related Insurance Companies and certain other mutual funds, but may be sold to other investors as determined by Mackenzie.

Series SC securities are offered to retail investors investing a minimum of \$500 under the sales charge purchase option.

Series B, Series C and Advisor Series securities were created specifically for the purpose of implementing mergers affecting the Fund and are not available for sale.

Series E, Series J, Series M, Series U and B-Series securities are no longer available for sale.

Series G and Investor Series securities are no longer available for sale, except for additional purchases by investors who have held these securities since December 11, 2017.

Series Distributed by LBC Financial Services Inc. *(1350 René-Lévesque Blvd. West, 12th Floor, Montréal, Québec H3G 0A8; 1-800-522-1846; www.laurentianbank.ca/mackenzie)*

Series LB and Series LW securities are no longer available for sale, except for additional purchases by investors who have held these securities since December 11, 2017.

MACKENZIE CANADIAN BOND FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

NOTES TO FINANCIAL STATEMENTS

9. Fund Specific Information (in '000s, except for (a)) (cont'd)

(a) Fund Formation and Series Information (cont'd)

An investor in the Fund may choose among different purchase options that are available under each series. These purchase options are a sales charge purchase option, a redemption charge purchase option, various low-load purchase options and a no-load purchase option. The charges under the sales charge purchase option are negotiated by investors with their dealers. The charges under the redemption charge and low-load purchase options are paid to Mackenzie if an investor redeems securities of the Fund during specific periods. Not all purchase options are available under each series of the Fund, and the charges for each purchase option may vary among the different series. For further details on these purchase options, please refer to the Fund's Simplified Prospectus and Fund Facts.

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees	Net Asset Value per Security (\$)	
				Mar. 31, 2018	Mar. 31, 2017
Series A	February 10, 1989	1.35%	0.17%	13.70	13.81
Series AR	November 15, 2011	1.35%	0.20%	10.10	10.18
Series B	November 25, 2016	1.25%	0.17%	9.96	10.02
Series C	November 25, 2016	1.00%	0.17%	9.95	10.02
Series D	March 17, 2014	0.80%	0.15%	9.93	10.01
Series E	None issued ⁽⁵⁾	0.50%	0.15%	—	10.46
Series F	February 2, 2001	0.50% ⁽³⁾	0.15%	11.65	11.75
Series FB	October 26, 2015	0.55%	0.17%	10.00	10.08
Series G	April 6, 2005	1.10%	0.17%	10.70	10.79
Series I	October 25, 1999	0.80%	0.17%	5.88	5.96
Series IG	January 2, 2018	— *	— *	10.01	—
Series J	December 22, 2008	1.00%	0.15%	10.83	10.92
Series M	August 9, 2002	Up to 0.85%	0.17%	11.20	11.30
Series O	January 26, 2001	— ⁽¹⁾	— *	11.59	11.68
Series PW	October 10, 2013	1.00% ⁽⁴⁾	0.15%	10.35	10.44
Series PWF	March 21, 2014	0.55%	0.15%	10.14	10.22
Series PWFB	April 3, 2017	0.50% ⁽³⁾	0.15%	9.89	—
Series PWT8	June 8, 2015	1.00% ⁽⁴⁾	0.15%	12.08	13.04
Series PWX	February 20, 2014	— ⁽²⁾	— ⁽²⁾	10.00	10.08
Series R	July 3, 2007	— *	— *	10.88	10.97
Series S	October 6, 2009	— ⁽¹⁾	0.02%	10.54	10.63
Series SC	November 10, 2010	1.05%	0.17%	10.18	10.26
Series U	November 25, 2016	1.00%	0.17%	9.95	10.02
Investor Series	September 25, 2009	0.89%	0.17%	10.51	10.58
B-Series	September 25, 2009	— ⁽¹⁾	— *	10.40	10.39
Advisor Series	September 25, 2009	1.35%	0.17%	10.48	10.56
Series LB	January 20, 2012	1.05%	0.17%	9.98	10.06
Series LW	December 1, 2017	1.05%	0.15%	9.96	—

* Not applicable.

(1) This fee is negotiable and payable directly to Mackenzie by investors in this series.

(2) This fee is payable directly to Mackenzie by investors in this series through redemptions of their securities.

(3) Prior to June 1, 2018, the management fee for this series was charged to the Fund at a rate of 0.55%.

(4) Prior to June 1, 2018, the management fee for this series was charged to the Fund at a rate of 1.05%.

(5) The series' original start date was March 30, 2011. All securities in the series were redeemed on December 8, 2017.

MACKENZIE CANADIAN BOND FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

NOTES TO FINANCIAL STATEMENTS

9. Fund Specific Information (in '000s, except for (a)) (cont'd)

(b) Investments by Mackenzie and Affiliates

As at March 31, 2018, Mackenzie, other funds managed by Mackenzie, Related Insurance Companies and funds managed by I.G. Investment Management Ltd. had an investment of \$5, \$316,542, \$322,827 and \$226,500 (2017 – \$8, \$260,939, \$320,903 and \$Nil), respectively, in the Fund.

(c) Loss Carryforwards

As at the last taxation year-end, the Fund has capital losses of \$11,587 which may be carried forward indefinitely to reduce future realized capital gains. There were no non-capital losses available to carry forward for tax purposes.

(d) Securities Lending

The value of securities loaned and collateral received from securities lending at March 31, 2018 and 2017, were as follows:

	March 31, 2018	March 31, 2017
	(\$)	(\$)
Value of securities loaned	241,141	83,380
Value of collateral received	254,146	87,735

Collateral received is comprised of debt obligations of the Government of Canada and other countries, Canadian provincial and municipal governments and financial institutions.

A reconciliation of the gross amount generated from the securities lending transactions to the security lending income to the Fund for the periods ended March 31, 2018 and 2017 is as follows:

	2018		2017	
	(\$)	(%)	(\$)	(%)
Gross securities lending income	121	100.0	122	100.0
Tax withheld	–	–	(2)	(1.6)
	121	100.0	120	98.4
Payments to Securities Lending Agent	(30)	(24.8)	(30)	(24.6)
Securities lending income	91	75.2	90	73.8

(e) Fund Merger

At a meeting held on November 21, 2016, investors in Mackenzie Real Return Bond Fund (the "Terminating Fund") approved the merger of the Terminating Fund into the Fund. The merger was effective after the close of business on November 25, 2016. The merger was effected by transferring the net assets of the Terminating Fund in exchange for the securities of the Fund at fair market value. Series B, Series C, Series D, Series F, Series FB, Series I, Series J, Series O, Series PW, Series PWF, Series PWX, Series SC, Series U and Series LB securityholders of the Terminating Fund were issued 3,204 Series B securities, 44 Series C securities, 4 Series D securities, 94 Series F securities, 0.1 Series FB securities, 296 Series I securities, 3 Series J securities, 28 Series O securities, 70 Series PW securities, 16 Series PWF securities, 11 Series PWX securities, 1,659 Series SC securities, 1,842 Series U securities and 47 Series LB securities, respectively, of the Fund in exchange for net assets of \$72,669, which was the fair value on November 25, 2016. The merger has been accounted for as an acquisition of the Terminating Fund.

Following the merger, the Terminating Fund was terminated. Mackenzie paid the expenses incurred to effect the merger.



MACKENZIE
Investments

MACKENZIE CANADIAN BOND FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

NOTES TO FINANCIAL STATEMENTS

9. Fund Specific Information (in '000s, except for (a)) (cont'd)

(f) Offsetting of Financial Assets and Liabilities

The table below presents financial assets and financial liabilities that are subject to master netting arrangements or other similar agreements and the net impact on the Fund's Statements of Financial Position if all set-off rights were exercised as part of future events such as bankruptcy or termination of contracts. No amounts were offset in the financial statements.

	March 31, 2018			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	98	(14)	–	84
Unrealized losses on derivative contracts	(2,916)	14	4,511	1,609
Liability for options written	–	–	–	–
Total	(2,818)	–	4,511	1,693

	March 31, 2017			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	–	–	–	–
Unrealized losses on derivative contracts	(151)	–	2,271	2,120
Liability for options written	–	–	–	–
Total	(151)	–	2,271	2,120

(g) Subsequent Event

Subsequent to March 31, 2018, funds managed by I.G. Investment Management Ltd. purchased approximately \$141,438 of Series IG securities in the Fund. These subscriptions did not result in a significant change in the Fund's portfolio allocation and were managed without any adverse effect on the Fund.

(h) Risks Associated with Financial Instruments

i. Risk exposure and management

The Fund seeks income and capital growth by investing mainly in Canadian government fixed income securities and high-quality, or investment grade, corporate fixed income securities and asset-backed securities. The Fund may hold up to 30% of its assets in foreign investments.

ii. Currency risk

The table below indicates currencies to which the Fund had significant exposure as at period end in Canadian dollar terms, including the underlying principal amount of any derivative instruments. Other financial assets and liabilities (including accrued interest and dividends receivable, and receivables/payables for investments sold/purchased) that are denominated in foreign currencies do not expose the Fund to significant currency risk.

Currency	March 31, 2018			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
New Zealand dollar	11,605	203	(11,620)	188
Mexican peso	–	1	–	1
U.S. dollar	58,759	4,714	(61,906)	1,567
Total	70,364	4,918	(73,526)	1,756
% of Net Assets	5.5	0.4	(5.7)	0.2



MACKENZIE
Investments

MACKENZIE CANADIAN BOND FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

NOTES TO FINANCIAL STATEMENTS

9. Fund Specific Information (in '000s, except for (a)) (cont'd)

(h) Risks Associated with Financial Instruments (cont'd)

ii. Currency risk (cont'd)

Currency	March 31, 2017			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
New Zealand dollar	11,524	203	(11,355)	372
Mexican peso	–	1	–	1
Danish krone	10,141	–	(10,254)	(113)
U.S. dollar	25,076	22,886	(46,040)	1,922
Total	46,741	23,090	(67,649)	2,182
% of Net Assets	4.4	2.2	(6.4)	0.2

* Includes both monetary and non-monetary financial instruments

As at March 31, 2018, had the Canadian dollar increased or decreased by 5% relative to all foreign currencies, with all other variables held constant, net assets would have decreased or increased by approximately \$88 or 0.0% of total net assets (2017 – \$109 or 0.0%). In practice, the actual trading results may differ and the difference could be material.

iii. Interest rate risk

The table below summarizes the Fund's exposure to interest rate risks from its investments in bonds and derivative instruments by term to maturity.

Term to Maturity	March 31, 2018 (\$)		March 31, 2017 (\$)	
	Bonds	Derivative Instruments	Bonds	Derivative Instruments
Less than 1 year	16,919	(146,643)	7,804	(154,837)
1-5 years	288,490	–	337,471	–
5-10 years	486,520	–	284,864	–
Greater than 10 years	407,702	–	362,043	–
Total	1,199,631	(146,643)	992,182	(154,837)

As at March 31, 2018, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, net assets would have decreased or increased by approximately \$88,325 or 6.9% of total net assets (2017 – \$73,606 or 6.9%). In practice, the actual trading results may differ and the difference could be material.

iv. Other price risk

As at March 31, 2018 and 2017, the Fund did not have a significant exposure to price risk.

MACKENZIE CANADIAN BOND FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

NOTES TO FINANCIAL STATEMENTS

9. Fund Specific Information (in '000s, except for (a)) (cont'd)

(h) Risks Associated with Financial Instruments (cont'd)

v. Credit risk

The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. The maximum exposure to any one debt issuer as at March 31, 2018, was 22.9% of the net assets of the Fund (2017 – 11.6%).

As at March 31, 2018 and 2017, debt securities by credit rating are as follows:

Bond Rating*	March 31, 2018	March 31, 2017
	% of Net Assets	% of Net Assets
AAA	30.1	24.3
AA	29.8	24.2
A	15.7	28.0
BBB	17.9	17.2
Less than BBB	0.1	–
Unrated	0.1	–
Total	93.7	93.7

* Credit ratings and rating categories are based on ratings issued by a designated rating organization

(i) Fair Value Classification

The table below summarizes the fair value of the Fund's financial instruments using the following fair value hierarchy:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The inputs are considered observable if they are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumption that market participants would use when pricing the asset or liability.

	March 31, 2018				March 31, 2017			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Bonds	–	1,199,631	–	1,199,631	–	992,182	–	992,182
Exchange-traded funds/notes	18,763	–	–	18,763	–	–	–	–
Derivative assets	–	320	–	320	–	289	–	289
Derivative liabilities	(2,880)	(432)	–	(3,312)	(29)	(188)	–	(217)
Short-term investments	–	53,796	–	53,796	–	55,234	–	55,234
Total	15,883	1,253,315	–	1,269,198	(29)	1,047,517	–	1,047,488

The Fund's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

During the period, there were no significant transfers between Level 1 and Level 2.

Financial instruments classified as Level 2 investments are valued based on the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data and using standard market convention practices. Short-term investments classified as Level 2 investments are valued based on amortized cost plus accrued interest which closely approximates fair value.

(j) Comparative Amounts

Certain prior period comparative amounts have been reclassified to conform to the current period's presentation.